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Proposed United Nations Secretariat contribution to the United Nations Development Group cost-sharing arrangement for the resident coordinator system

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction and background

1. The Advisory Committee on Administrative and Budgetary Questions has considered the advance version of the report of the Secretary-General on the proposed United Nations Secretariat contribution to the United Nations Development Group cost-sharing arrangement for the resident coordinator system (A/70/703). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, the Administrator of the United Nations Development Programme (UNDP) and the United Nations Development Operations Coordination Office, who provided additional information and clarification, concluding through written responses received on 10 March 2016.

2. The Advisory Committee recalls that, in its resolution 67/226 of 21 December 2012, the General Assembly urged the United Nations development system to provide further financial, technical and organizational support for the resident coordinator system. In the same resolution, the Assembly requested the Secretary-General, in consultation with the members of the United Nations development system, and based on the recent review of existing funding modalities in support of the resident coordinator system called for in Economic and Social Council resolution 2011/7 of 18 July 2011, to submit, for the consideration of the Council and the Assembly in 2013, concrete proposals on the modalities for the funding of the resident coordinator system in order to ensure that resident coordinators had the necessary stable and predictable resources to fulfil their mandate effectively, without compromising resources allocated to programmatic activities, with due regard for the principle of fairness, which should reflect the direct involvement of each agency, based on the proportion of services used.

3. The Advisory Committee further recalls that the Economic and Social Council, in its resolution 2014/14 of 14 July 2014, noted with appreciation progress achieved in implementing the cost-sharing agreement for the resident coordinator system and,

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while noting the funding gap for 2014 and 2015, requested entities of the United Nations development system that had not already done so to take appropriate actions to implement the agreement, subject to the approval of their governing bodies and without impacting programme delivery, including by paying their contribution in full, and requested the Secretary-General to include in his regular reporting to the Council updates on agency-specific progress in that regard. This position was reiterated by the Council in its resolution 2015/15 of 29 June 2015 and by the General Assembly in its resolution 70/221 of 21 December 2015.

4. The Advisory Committee, in paragraph 9 of its report on the revised estimates resulting from resolutions and decisions adopted by the Economic and Social Council during its 2014 session (A/69/609), stressed that the General Assembly had not yet considered the cost-sharing arrangement for the resident coordinator system and the related United Nations contribution. In that regard, the Committee conveyed its expectation that any additional resource requirements relating to the United Nations share of the resident coordinator system would be submitted alongside the proposed cost-sharing arrangement for consideration and approval by the Assembly. The Assembly, in its resolution 69/262 of 29 December 2014, endorsed the conclusions and recommendations contained in the report of the Committee. In the same resolution, the Assembly recalled paragraph 9 of the report of the Committee, noted the consideration of the cost-sharing arrangement by the Assembly, and looked forward to receiving all relevant information on the resource requirements for the United Nations share in the arrangement in the proposed programme budget for the biennium 2016-2017.

5. The Advisory Committee further recalls that, under the proposed programme budget for the biennium 2016-2017 (see A/70/6 (Sect. 9)), the Secretary-General requested a provision of $13,000,000 under section 9, Economic and social affairs, representing the contribution of the United Nations Secretariat to the resident coordinator system for the biennium. The Committee, among the comments, observations and recommendations contained in the first report on the proposed programme budget for the biennium 2016-2017 (A/70/7), noted that, inasmuch as not enough information had been provided with regard to the cost-sharing formula, it was not in a position to recommend the approval of the requested resources. In concurring with the Committee's recommendation, the General Assembly, in paragraph 72 of its resolution 70/247 of 23 December 2015, recalled paragraphs IV.24 to IV.28 of the report of the Committee, and requested the Secretary-General to provide further detailed information on the proposed Secretariat contribution to support the resident coordinator system at the first part of the resumed seventieth session of the Assembly.

6. The report of the Secretary-General (A/70/703) has been submitted pursuant to paragraph 72 of General Assembly resolution 70/247 and, as indicated by the Secretary-General therein, it contains information provided by the United Nations Development Group/Development Operations Coordination Office, which highlights the role of the resident coordinator system. Information is also provided on the United Nations system-wide cost-sharing arrangement, the cost-sharing formula and the proposed United Nations Secretariat contribution to the resident coordinator system for the biennium 2016-2017, in the amount of $13,321,574.

II. The role of the resident coordinator system

7. In paragraphs 6 to 13, the report of the Secretary-General outlines the role of the United Nations resident coordinator system as the cornerstone of a coherent United Nations system that is "fit for purpose" to deliver integrated support to

Governments, as well as to support the Secretary-General, United Nations Secretariat entities and United Nations regional and country operations. It is also indicated that the resident coordinator system help enable the Organization to be a more relevant, effective and reliable partner for Governments in countries where the United Nations has a programme and policy presence.

8. The Secretary-General's report also indicates that resident coordinators serve as his representatives at the country level, thereby supporting initiatives extending beyond the United Nations development system. The support provided to United Nations Secretariat offices and departments includes access to government entities at the country level, data and information-sharing, sociopolitical and economic analysis, management of events and conferences, regular facilitation of technical assistance missions, and backstopping of high-level visits to countries, including by the Secretary-General, as well as implementation of country-level activities in situations where the Secretariat has minimal or no physical presence at the national level.

9. Upon enquiry, the Advisory Committee was informed that other core functions performed by the resident coordinator system for all United Nations development system entities included strategic analysis and planning; oversight of the United Nations country programming cycle; support to national coordination systems and processes; development and management of shared operational support services; crisis management preparedness and response; and external communication and advocacy.

III. System-wide cost-sharing arrangement

Global budget for the resident coordinator system

10. The Secretary-General's report indicates that the sustainability of the resident coordinator system relies on the system-wide cost-sharing arrangement of the United Nations Development Group, which replaced the previous ad hoc approach to cost-sharing, and also indicates that the global budget for the resident coordinator system amounts to $124.8 million in 2016 and $127.2 million in 2017.

11. Upon enquiry regarding how the global budget of the United Nations resident coordinator system had been originally determined, the Advisory Committee was informed that a study undertaken in 2012 had determined that some $131 million had been spent globally on the resident coordinator system in 2011. The Committee was further informed that owing to severe funding constraints across the system, the budget for the resident coordinator system had been maintained at 2011 expenditure levels, with the exception of adjustment made annually at approximately 3 per cent in accordance with staff pro forma cost adjustments, as determined by the International Civil Service Commission for the United Nations system as a whole. In 2014, which was the first year of implementation of the existing cost-sharing arrangement, the budget was reduced to $121.8 million upon the recommendation of the Finance and Budget Network of the High-level Committee on Management, subject to future adjustments for staff pro forma costs as determined by the Commission.

12. The Advisory Committee requested further information on how the budget had been formulated, including details regarding, inter alia, the cost elements that had been included or not included in the expenditure level of $131 million established in 2012; the basis for the subsequent reduction to $121.8 million in 2014 and the increase to $124.8 million and $127.2 million in 2016 and 2017, respectively; the services to be provided; and a breakdown of the budget by object of expenditure. **The**

requested information was not provided to the Advisory Committee during its consideration of the Secretary-General's report (see also paras. 17 and 20 below).

Cost-sharing arrangement

13. The Secretary-General's report indicates that, as the coordinator and custodian of the resident coordinator system, UNDP will continue to provide backbone funding in the amount of $88.8 million out of the $124.8 million global budget in 2016 and $90.5 million out of the $127.2 million global budget in 2017, with the remaining funding requirement of $36.0 million in 2016 and $36.7 million in 2017 to be shared by member organizations of the United Nations Development Group,[1] including UNDP.

14. The Secretary-General's report also indicates that, in the initial funding cycle of the resident coordinator system which was included in the proposed programme budget for the biennium 2014-2015, 19 United Nations Secretariat entities[2] were expected to contribute a total of $5.5 million towards the cost-sharing arrangement in 2014 and $5.7 million in 2015. For the biennium 2016-2017, the United Nations Secretariat is expected to contribute $13.3 million ($6.5 million in 2016 and $6.8 million in 2017), which represents approximately 18.2 per cent of the total expected from United Nations system entities other than UNDP. The Secretary-General indicates that the United Nations Secretariat is the only member of the United Nations Development Group that did not participate in the 2014-2015 funding cycle of the cost-sharing arrangement and explains that without the Secretariat's full contribution, resident coordinators may not have the necessary resources to fulfil their mandates effectively during the biennium.

15. Upon enquiry, the Advisory Committee was informed that, before the biennium 2014-2015, UNDP backbone support for the resident coordinator system was complemented by approximately $31 million paid by development partners, mostly to the United Nations Country Coordination Fund, and an estimated

[1] United Nations Secretariat; United Nations Development Programme; United Nations Population Fund; UNAIDS; United Nations Office for Project Services;, United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women); Office of the United Nations High Commissioner for Refugees; United Nations Children's Fund; World Food Programme; Food and Agriculture Organization of the United Nations; International Fund for Agricultural Development; International Labour Organization; International Telecommunication Union; United Nations Educational, Scientific and Cultural Organization; United Nations Industrial Development Organization; World Tourism Organization; World Health Organization; and World Meteorological Organization.

[2] Members: United Nations Environment Programme, United Nations Human Settlements Programme (UN-Habitat), United Nations Office on Drugs and Crime, United Nations Conference on Trade and Development, Office of the United Nations High Commissioner for Human Rights, Economic Commission for Africa, Economic Commission for Europe, Economic Commission for Latin America and the Caribbean, Economic and Social Commission for Asia and the Pacific, Economic and Social Commission for Western Asia, Department of Economic and Social Affairs of the Secretariat, Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, Office of the Special Adviser on Africa, and Office of the Special Representative of the Secretary-General for Children and Armed Conflict. Observers: United Nations Fund for International Partnerships, Office for the Coordination of Humanitarian Affairs of the Secretariat, Department of Political Affairs of the Secretariat, Department of Public Information of the Secretariat and Office of the Deputy Secretary-General.

$9 million through ad hoc cost-sharing by the United Nations system at the country level. The Committee was also informed that, with Member States starting to discontinue direct funding of coordination functions and calling for a system-wide sharing of the cost of those functions by the United Nations development system, the United Nations Development Group had started implementing the cost-sharing arrangement in 2014, based on a cost-shared budget of $33.7 million for 2014 and $34.7 million for 2015. The Committee was further informed, however, that the overall funding shortfall from all Development Group members amounted to $10 million in 2014, of which $5.5 million was expected to have been contributed by the United Nations Secretariat; and $11.4 million in 2015, of which it was expected that $5.7 million would be contributed by the United Nations Secretariat. According to the representatives of the Secretary-General, the funding shortfalls, amounting to $21.4 million for the biennium 2014-2015, of which $11.2 million had been expected from the Secretariat, was covered by contributions from development partners on an exceptional basis, through the strategic reserve managed by the Development Operations Coordination Office, as well as through deferring some recruitment activities originally planned for 2014. **The Advisory Committee notes that a request for the United Nations Secretariat's contribution to the cost-sharing arrangement for the biennium 2014-2015 was not submitted to the General Assembly by the Secretary-General.**

16. The Advisory Committee also enquired about the likelihood of any other United Nations system entities, in addition to the existing 19 members, joining the cost-sharing arrangement, which could necessitate adjustments to the cost-sharing formula. The Committee was informed that, in 2014, the United Nations Development Group had conducted a comprehensive reform of its membership criteria, resulting in an eligibility for membership of six additional United Nations system entities, namely, the International Atomic Energy Agency, the International Civil Aviation Organization, the International Maritime Organization, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the Universal Postal Union and the World Intellectual Property Organization. While these newly eligible entities have yet to confirm their membership, it was indicated that they would be expected to contribute to the cost-sharing arrangement in the initial year of their membership or at the first budgetary opportunity thereafter, which would proportionately lower the contributions expected from the existing members. **The Advisory Committee expects that the cost-sharing arrangement, which will be presented to the General Assembly for approval, will take into account any updates in the membership of the United Nations Development Group.**

Salaries and support structures of Deputy Special Representatives of the Secretary-General in United Nations peacekeeping operations and special political missions who also serve as resident coordinators/humanitarian coordinators

17. The Advisory Committee enquired how the cost of salaries and support structures for the Deputy Special Representatives of the Secretary-General in United Nations peacekeeping operations and special political missions who also serve as resident coordinators/humanitarian coordinators had been factored into the cost-sharing arrangement. The Committee was informed that the salaries and common staff costs for these officials were shared equally between UNDP and the United Nations Secretariat and that the 50 per cent share of UNDP was funded from UNDP

core resources as part of the backbone support for the resident coordinator system. This, according to the representatives of the Secretary-General, was the case in 14 countries (encompassing seven peacekeeping operations, six special political missions and one field office)[3] as of February 2016. The Committee was also informed that, according to the existing arrangement, the United Nations Secretariat fully covers the cost of official travel and other operational support costs for the Deputy Special Representatives of the Secretary-General who are also resident coordinators in these 14 field missions/office, while 50 per cent of their salaries and common staff costs are billed to UNDP on a semi-annual basis. **The Advisory Committee notes that the existing cost-sharing arrangement for the Deputy Special Representatives of the Secretary-General who also serve as resident coordinators/humanitarian coordinators does not include their related operational support costs, including official travel. Considering that these costs are integral to the performance of their duties, the Committee is of the view that they should be reflected in the global budget of the resident coordinator system and factored into the cost-sharing arrangement.**

Cost-sharing formula

18. The cost-sharing formula for the resident coordinator system is presented in the annex to the Secretary-General's report. As indicated in paragraph 13 above, UNDP as the coordinator and custodian of the resident coordinator system continues to provide the backbone costs of the resident coordinator system at the global, regional and country levels, with funding amounting to $88.8 million in 2016 and $90.5 million in 2017. The remaining funding requirement of $36.0 million in 2016 and $36.7 million in 2017 will be shared by the United Nations Development Group, including UNDP, according to a cost-sharing formula based on the following three costs factors: (a) annual base fee, which is a flat fee paid by each member organization in the amount of $100,000, $175,000 or $350,000, based on its average annual expenditure; (b) entity size in terms of staff size and expenditure based on the most recent financial and personnel statistics used by the United Nations System Chief Executives Board for Coordination (humanitarian and peacekeeping expenditures as well as the loan portfolio of the International Fund for Agricultural Development will be excluded from the calculation of agency size; and peacekeeping staff numbers will also be excluded from the calculation of agency size); and (c) system load: entities will contribute in proportion to the share of currently operational United Nations Development Assistance Frameworks and integrated strategic frameworks in which they participate at the country level.

[3] Peacekeeping operations: United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic, United Nations Multidimensional Integrated Stabilization Mission in Mali, United Nations Stabilization Mission in Haiti, United Nations Organization Stabilization Mission in the Democratic Republic of the Congo, United Nations Mission in Liberia, United Nations Mission in South Sudan, United Nations Operation in Côte d'Ivoire. Special political missions: United Nations Integrated Peacebuilding Office in Guinea-Bissau, United Nations Assistance Mission in Somalia, Office of the United Nations Special Coordinator for Lebanon, United Nations Support Mission in Libya, United Nations Assistance Mission in Afghanistan, United Nations Assistance Mission in Iraq; and one field office: Office of the United Nations Special Coordinator for the Middle East Peace Process.

19. Table 4 of the Secretary-General's report provides information on the cost-sharing formula based on which the $13.3 million United Nations Secretariat contribution to the requirements of the resident coordinator system was derived.

20. **The Advisory Committee notes that, while significant emphasis has been placed on entity size (staffing and expenditure) in the cost-sharing formula, it is still not clear how these factors determine the level of services provided by the resident coordinator system to each United Nations Development Group member organization. In this connection, the Committee recalls paragraph 128 of General Assembly resolution 67/226 of 21 December 2012, which was reaffirmed by the Assembly in its resolution 70/221, and notes that contributions should reflect the direct involvement of each entity, based on the proportion of services used. It is not clear to the Committee how this requirement is reflected in the cost-sharing formula presented in the Secretary-General's report.**

Budgeting and performance reporting mechanisms

21. It is indicated in paragraphs 18 to 20 of the Secretary-General's report that the resident coordinators are required to report annually on the results of their coordination activities and on the funds for which they were accountable. It is also indicated that the Development Operations Coordination Office, in its capacity as the United Nations Development Group secretariat, prepares an annual global results report, which is presented by the Chair of the Development Group to the United Nations System Chief Executives Board for Coordination, and that the Chief Executives Board secretariat prepares an annual overview report, for submission to the Economic and Social Council at its Coordination and Management Meeting sessions held in June and December of each year. It is further indicated that the global fiduciary management and reporting role for the resident coordinator system funds is fulfilled by UNDP and is reflected in UNDP financial statements and audited accounts which are submitted annually to the Advisory Committee and to the Fifth Committee of the General Assembly. These financial statements would show the utilization of the United Nations Secretariat contribution to the resident coordinator system. The Secretary-General also proposes that supplementary information be provided to the General Assembly on the actual and projected expenditures of the resident coordinator system, including the contribution by the Secretariat, on a biennial basis in the context of the second performance report on the programme budget.

22. **The Advisory Committee takes note of the financial and performance reporting mechanisms proposed for the resident coordinator system. The Committee notes, however, that the budget of the resident coordinator system comprises funds from both assessed and voluntary sources contributed by the different member organizations, which are overseen by their respective governing bodies, each of which reviews only the funding related to its specific contribution. Beyond the requirement for periodic financial reporting, which in the Committee's view is fragmented, the Committee notes the absence of a unified mechanism for intergovernmental consideration of all aspects of the cost-sharing arrangement, including the global budget of the resident coordinator system. In the Committee's view, the UNDP Executive Board may be best positioned to address this issue, considering that, in the existing arrangement, UNDP is the coordinator and custodian of the resident coordinator system, while**

the governing body of each member organization will continue to approve the resources related to that organization's contribution. In this case, and taking into account its mandate to review the budgets funded from both assessed and voluntary contributions, the Committee will review and give advice on the global budget of the resident coordinator system in the context of its consideration of the institutional budget of UNDP.

23. **On a related matter, and given the complexity of this funding arrangement as well as the importance of accountability for the good management of the Organization, the Advisory Committee recommends that the Secretary-General be requested to advise on the ownership and responsibility for its implementation within the United Nations Secretariat in his next report to the General Assembly.**

IV. Conclusion

24. The actions that the General Assembly is requested to take are contained in paragraph 24 of the Secretary-General's report. **The Advisory Committee is of the view that the Secretary-General needs to provide further justification for the proposed arrangement for the resident coordinator system. Taking into account its comments and observations, as presented in the present report, the Committee is not in a position to recommend the approval of all the resources requested by the Secretary-General at this time. In the interim, the Advisory Committee recommends the approval of $6,535,653, which would ensure funding for the resident coordinator system for the year 2016, while allowing time for the Secretary-General to refine his proposal and resubmit it to the General Assembly for consideration.**

25. **Subject to its comments and observations as set out above, the Advisory Committee recommends that the General Assembly:**

(a) **Take note of the Secretary-General's report;**

(b) **Approve an appropriation in the amount of $6,535,653 for the biennium 2016-2017, under section 9, Economic and social affairs, which represents a charge against the contingency fund;**

(c) **Request the Secretary-General to submit a report on the cost-sharing arrangement for consideration and approval by the Assembly at the main part of its seventy-first session, in accordance with General Assembly resolutions 70/221 and 70/247.**